

IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1978

**No. 79-231**

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY,  
*Petitioner,*

v.

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA, and JOHN E. BRYSON, VERNON L. STURGEON, RICHARD D. GRAVELLE, CALIRE T. DEDRICK and LEONARD M. GRIMES, JR., the members of said Public Utilities Commission; W. MICHAEL BLUMENTHAL, Secretary of the Treasury, an agency of the United States of America; and JEROME KURTZ, Commissioner, Internal Revenue Service, an agency of the United States of America; CITY OF LOS ANGELES, a municipal corporation; CITY OF SAN DIEGO, a municipal corporation; CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation; TOWARD UTILITY RATE NORMALIZATION,  
*Respondents.*

**On Petition for Writ of Certiorari to the United States  
Court of Appeals for the Ninth Circuit**

**SUPPLEMENT TO PETITION**

FRANK ROTHMAN  
THOMAS H. KUCHEL  
2049 Century Park East,  
14th Fl.  
Los Angeles, CA 90067  
(213) 556-8000

ROBERT V. R. DALENBERG  
140 New Montgomery St.  
San Francisco, CA 94105  
(415) 542-1507

*Attorneys for Petitioner*  
*The Pacific Telephone and Telegraph Company*  
October 1979

IN THE  
**Supreme Court of the United States**  
OCTOBER TERM, 1978

—  
No. 79-231  
—

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY,  
*Petitioner,*

v.

PUBLIC UTILITIES COMMISSION OF THE STATE OF  
CALIFORNIA, ET AL.,  
*Respondents.*

—  
On Petition for Writ of Certiorari to the United States  
Court of Appeals for the Ninth Circuit  
—

**SUPPLEMENT TO PETITION**  
—

Petitioner, The Pacific Telephone and Telegraph Company, respectfully submits that, since its Petition was filed herein on August 10, 1979, the following events have taken place:

On August 20, 1979, since the California Public Utilities Commission decision was no longer subject to restraint, petitioner filed a refund plan and rate reductions with the Commission. Several intervenors (Toward Utility Rate Normalization, the City and County of San Francisco, the City of Los Angeles and the City of San Diego, and the Independent Taxpayers Union of California) have filed responses and alternative suggestions concerning the refunds and rate reductions.

The refunds have not yet been made, and the rate reductions have not gone into effect. Meanwhile, petitioner's potential tax liability continues to grow at the rate of approximately \$22 million per month.

On September 27, 1979, the Internal Revenue Service issued its notice of tax deficiency for the taxable year ended December 31, 1974. That notice included, *inter alia*, a deficiency of almost \$89 million attributable to petitioner's ineligibility for accelerated depreciation and the investment tax credit under the Commission's Decision 87838 in September, 1977. The IRS indicated it was acting in accordance with its previous ruling that the Commission's decision is inconsistent with the Internal Revenue Code.

Respectfully submitted,

FRANK ROTHMAN  
THOMAS H. KUCHEL  
2049 Century Park East,  
14th Fl.  
Los Angeles, CA 90067  
(213) 556-8000

ROBERT V. R. DALENBERG  
140 New Montgomery St.  
San Francisco, CA 94105  
(415) 542-1507

*Attorneys for Petitioner*  
*The Pacific Telephone and Telegraph Company*

October 1979